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POSTAL RATE COMMISSION  
OFFICE OF THE SECRETARY

February 21, 2003

Hon. Steven W. Williams, Secretary  
Postal Rate Commission  
1333 H Street, NW, Suite 300  
Washington, D.C. 20268-0001

Dear Mr. Williams:

In connection with the Commission's rules pertaining to periodic reports, 39 C.F.R. § 3001.102 (2002), I have enclosed copies of the following:

- (1) FY 2004 Budget, Congressional Submission;
- (2) FY 2004 Congressional Budget Workpapers; and
- (3) FY 2004 Congressional Budget, Summary Tables SE-1, 2, and 6.

Sincerely,

Daniel J. Foucheaux, Jr.  
Chief Counsel, Ratemaking

Enclosures

cc: Ms. Taylor



# **UNITED STATES POSTAL SERVICE**



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## **Fiscal Year 2004 Budget Congressional Submission**

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**Finance**

**Budget and Financial Analysis**

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**U.S. POSTAL SERVICE  
FY 2004 BUDGET**

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**U. S. POSTAL SERVICE**

**FISCAL YEAR 2004 BUDGET  
PART I  
APPROPRIATION REQUEST**

## **U.S. POSTAL SERVICE**

### **Appropriations**

The following schedules reflect the Postal Service's budget request for Fiscal Year 2004.

#### **Revenue Forgone**

The Postal Service is requesting funding in Fiscal Year 2004 for revenue forgone on free mail for the blind and overseas voting, plus reconciliation amounts for past years, consistent with 39 U.S.C. §2401(c).

#### **Revenue Forgone Reform Reimbursement**

The Postal Service requests funding authorized under 39 U.S.C. §2401 (d) as reimbursement for losses incurred as a result of insufficient appropriations in Fiscal Years 1991 through 1993, and to compensate for revenues not received as a result of the rate phasing provisions of 39 U.S.C. §3626 (a) (3) (B).

#### **Public Service Costs**

For public service costs, 39 U.S.C. §2401(b)(1)(G) authorizes, for years after Fiscal Year 1984, an amount equal to 5 percent of the Post Office Department's Fiscal Year 1971 appropriation. This amounts to \$460,000,000. Also, section 2401(b)(2) authorizes the Postal Service to reduce such percentage, including a reduction to zero.

The Postal Service has operated without this appropriation since Fiscal Year 1982, therefore, no appropriation for public service costs is requested during Fiscal Year 2004.

#### **Emergency Response**

Funding is requested for reimbursement of expenses incurred to protect postal employees and postal customers from exposure to bio-hazardous materials.

*The following schedule provides a summary of the appropriations requested and recommended level of funding.*

**U.S. POSTAL SERVICE**  
**Appropriations Summary**  
(in thousands of dollars)

	Public Service Costs	Revenue Forgone	Transi- tional Costs	Emergency Response	Total
<b>FY 2002:</b>					
USPS Request.....	...	76,619	...	...	76,619
OMB Proposal .....	...	76,619	...	...	76,619
<b>Postal Service Appropriations Act, 2002</b>					
-- Public Law No. 107-67 :		a/			a/
Available October 1, 2001 .....	...	29,000	...	...	29,000
Available October 1, 2002 .....	...	47,619	...	...	47,619
<b>FY 2002 Supplementals:</b>					
Emergency Response Fund – P.L. No.107-38:					
Presidential Transfer on Nov. 20, 2001 .....	...	...	...	175,000	175,000
DOD Appropriations Act, 2002– P.L. No. 107-117	...	...	...	500,000	500,000
Supplemental, FY2002 – P.L. No. 107-206.....	...	...	...	87,000	87,000
<b>FY 2003:</b>					
USPS Request .....	...	988,188	...	799,800	1,787,988
OMB Proposal .....	...	60,014	...	...	60,014
<b>Postal Service Appropriations Act, 2003</b>					
-- Public Law No. 108--?? : (pending)					
Available, October 1, 2002 .....	...	29,000	...	...	29,000
Available, October 1, 2003.....	...	31,014	...	...	31,014
<b>FY 2004:</b>					
USPS Request .....	...	65,521	...	350,000	415,521
OMB Proposal .....	...	65,521	...	...	65,521

a/ An additional \$67,093 thousand was forward-funded from FY 2001 pursuant to P.L. No. 106-554.

**U.S. POSTAL SERVICE**  
**Appropriations Summary**  
(In thousands of dollars)

	FY 2002				FY 2003			FY 2004	
	Request	OMB Proposal	P.L. No. 107-67	PL107-38 PL107-117 PL107-206	Request	OMB Proposal	P.L. No. 108-??	Request	OMB Proposal
<b>A. Total Budget Authority (Appropriations).....</b>	<b>76,619</b>	<b>76,619</b>	<b>76,619</b>	<b>762,000</b>	<b>1,787,988</b>	<b>60,014</b>	<b>60,014</b>	<b>415,521</b>	<b>60,014</b>
<b>B. Program by Activity:</b>									
1. Public Service Costs.....	...	...	...	...	...	...	...	...	...
2. Free for the Blind and Overseas Voting .....	56,303	56,303	a/ b/ 56,303	...	48,999	48,999	48,999	55,685	55,685
3. Free and Reduced-rate Mail: Reconciliation Adjustment .....	-8,684	-8,684	a/ b/ -8,684	...	-17,985	-17,985	-17,985	-19,164	-19,164
4. Revenue Forgone Reform Reimbursement:									
Current Year .....	29,000	29,000	29,000	...	29,000	29,000	29,000	29,000	29,000
Remaining balance .....	...	...	...	...	928,174	...	...	...	...
5. Emergency Response Funds									...
Presidential Transfer--11/20/01 ...	...	...	...	175,000	...	...	...	...	...
DOD Appropriations Act, 2002 ...	...	...	...	500,000	...	...	...	...	...
Suppl. Appropriation, FY2002 .....	...	...	...	87,000	...	...	...	...	...
Total .....				762,000	799,800			350,000	
<b>Total Appropriations .....</b>	<b>76,619</b>	<b>76,619</b>	<b>76,619</b>	<b>762,000</b>	<b>1,787,988</b>	<b>60,014</b>	<b>60,014</b>	<b>415,521</b>	<b>65,521</b>

a/ Includes \$47,619 thousand, not available until October 1, 2002.

b/ An additional \$67,093 thousand was forward-funded from FY 2001 pursuant to P.L. No. 106-554.

# U.S. POSTAL SERVICE

## Federal Funds

General and special funds:

### Payment to the Postal Service Fund

For payment to the Postal Service Fund for: (1) current revenue forgone on free and reduced-rate mail for the blind and overseas voting, plus reconciliation amounts for past years pursuant to subsection 39 U.S.C. §2401(c) , \$36,521,000 ; (2) reimbursement of losses incurred as a result of insufficient appropriations for revenue forgone on free and reduced-rate mail pursuant to 39 U.S.C. §2401(d), \$29,000,000 ; and (3) reimbursement of expenses incurred to protect postal employees and postal customers from exposure to bio-hazardous materials, \$350,000,000.

Program and Financing (in thousands of dollars)				
	FY 2002 Actual	FY 2003 Estimate	FY 2004	
			Request	OMB Proposal
<b>Program by activities:</b>				
<b>Payment to the Postal Service fund for:</b>				
<b>Revenue forgone on free and reduced-rate mail:</b>				
Current year.....	56,303	48,999	55,685	55,685
Reconciliation adjustment .....	-8,684	-17,985	-19,164	-19,164
<b>Subtotal.....</b>	a/ b/ 47,619	31,014	36,521	36,521
<b>Revenue forgone reform reimbursement:.....</b>	29,000	29,000	29,000	29,000
<b>Subtotal , free and reduced-rate mail.....</b>	a/ b/ 76,619	60,014	65,521	65,521
<b>Emergency Response Funds:</b>			350,000	...
Presidential Transfer – 11/20/01 .....	175,000			
Dept. of Defense Appropriations Act, 2002 ....	500,000			
Supplemental Appropriation, FY2002 .....	87,000			
<b>Total payment to the Postal Service Fund (total obligations(41.0)).....</b>	a/ b/ 838,619	60,014	415,521	65,521
<b>Financing:</b>				
Budget authority (appropriations) .....	a/ b/ 838,619	60,014	415,521	65,521

a/ Includes \$47,619 thousand not available until October 1, 2002

b/ An additional \$67,093 thousand was forward-funded from FY 2001 pursuant to P.L. No. 106-554.



**U.S. POSTAL SERVICE**  
Federal Funds

**Payment to the Postal Service Fund**

Program and Financing, Cont'd  
(in thousands of dollars)

	FY 2002 Actual	FY 2003 Estimate	FY 2004 Estimate	
			Request	OMB Proposal
Relation of obligations to outlays:	a/ b/			
Obligations incurred, net .....	838,619	60,014	415,521	65,521
Outlays .....	a/ b/ 838,619	60,014	415,521	65,521

a/ Includes \$47,619 thousand, not available until October 1, 2002.

b/ An additional \$67,093 thousand was forward-funded from FY 2001 pursuant to P.L. No. 106-554.

An appropriation of \$55,685,000 is for reimbursing the Postal Service for providing free mail for the blind and overseas voting; -\$19,164,000 is a reconciliation adjustment for revenue forgone on free and reduced-rate mail; and \$29,000,000 is for partial reimbursement for losses incurred as a result of insufficient appropriations for revenue forgone. An amount of \$350,000,000 is for emergency expenses to enable the Postal Service to protect postal employees and customers from exposure to biohazardous materials.

The following table represents the estimated revenue forgone by the Postal Service in Fiscal Year 2004 for carrying certain categories of mail for free.

# U. S. POSTAL SERVICE APPROPRIATIONS

## Justifications

### a. FY 2004 Appropriation request for Free for the Blind and Overseas Voting mail, \$55,685,000:

(in thousands of dollars)

ITEM	FY 2002	FY 2003		FY 2004	
	Amount	Amount	Change from Prior Year	Amount	Change from Prior Year
A. Free for the Blind .....	56,132	48,710	- 7,422	55,104	6,394
B. Overseas Voting .....	171	289	118	581	292
Total, Free for the Blind and Overseas Voting .....	56,303	48,999	- 7,304	55,685	6,686

An appropriation of \$55,685,000 is requested for free mail for the blind and overseas voting which provides funding for:

Certain matter for use by the blind or other persons who cannot use or read conventionally printed materials because of physical impairment can be mailed free of postage. In order to qualify, there must be no charge, rental, subscription, or other fee required for such matter.

Items mailable free by a qualifying person include unsealed letters, sound reproductions, Braille writers or typewriters, and educational or other materials or devices specifically designed or adapted for use of a visually handicapped person.

Absentee balloting materials can be mailed free by members of the Armed Forces and other U.S. citizens residing outside the territorial limits of the United States, and in bulk between state and local election officials.

**U. S. POSTAL SERVICE  
APPROPRIATIONS**

**Justifications - Cont'd**

**b. Reconciliation Adjustment, Revenue Forgone:**

(in thousands of dollars)

ITEM	FY 2002	FY 2003		FY 2004	
	Amount	Amount	Change from Prior Year	Amount	Change from Prior Year
Reconciliation adjustment .....	- 8,684	-17,985	-9,301	-19,164	-1,179

Under 39 U.S.C. §2401(c) the Postal Service continues to be instructed to include in its annual revenue forgone funding requests "an amount to reconcile sums authorized to be appropriated for prior fiscal years on the basis of estimated mail volume with sums which would have been authorized if based on the final audited mail volume." This instruction to seek reconciliation adjustments was not changed by section 703(a) of the Revenue Forgone Reform Act (RFRA) of 1993, which eliminated the appropriation for the revenue forgone on the various types of reduced-rate mail provided under section 3626 of title 39 (while keeping the funding mechanism for free mail for the blind and overseas voting intact).

# U. S. POSTAL SERVICE APPROPRIATIONS

## Justifications - Cont'd

The Postal Service, in accordance with the objectives established in the Postal Reorganization Act by the Congress, is therefore submitting a reconciliation adjustment of - \$19,164,000 to adjust the reimbursement for services performed on Free for the Blind and Overseas Voting mail during Fiscal Year 2001. The amounts appropriated to the Postal Service for Fiscal Year 2001 were based on estimates that appropriations amounting to \$66,473,000 would be required for free for the blind and overseas voting mail. However, audited mail volumes indicate that \$47,309,000 was actually required to fully reimburse the Postal Service for services provided - leaving an excess of \$19,164,000 which is returned to the Government in the Postal Service's Fiscal Year 2004 appropriation request.

(in thousands of dollars)

	Free for the Blind	Overseas Voting	Reduced- rate Mail	Total	Reconciliation Adjustment
<b>FY 1999:</b>					
Based Upon Final Audited Mail Volume.....	59,608	148	...	59,756	
Appropriation Received a/ .....	68,368	72	...	68,440	
Reconciliation Adjustment - Funded in FY 2002....	-8,760	76	...	----->	-8,684
<b>FY 2000:</b>					
Based Upon Final Audited Mail Volume.....	52,229	525	...	52,754	
Appropriation Received b/ .....	69,543	1,196	...	70,739	
Reconciliation Adjustment - FY 2003 request.....	- 17,314	-671	...	----->	- 17,985
<b>FY 2001:</b>					
Based Upon Final Audited Mail Volume.....	46,330	979	...		
Appropriation Received .....	65,932	541	...		
Reconciliation Adjustment - FY 2004 request.....	-19,602	438	...	----->	-19,164

a/ Received Oct. 1, 1999. Reflects 0.38% rescission authorized by the Consolidated Appropriations Act for 2000, (P. L. 106-113).

b/ Received Oct. 1, 2000. Reflects 0.22% rescission authorized by the Consolidated Appropriations Act for 2001, (P. L. 106-554).

**U. S. POSTAL SERVICE  
APPROPRIATIONS**

**Justifications - Cont'd**

**FY 2004 Appropriation Request for Revenue Forgone Reform Reimbursement, \$29,000,000:**

**(in thousands of dollars)**

<b>ITEM</b>	<b>FY 2002</b>	<b>FY 2003</b>		<b>FY 2004</b>	
	<b>Amount</b>	<b>Amount</b>	<b>Change from Prior Year</b>	<b>Amount</b>	<b>Change from Prior Year</b>
<b>Revenue Forgone Reform Reimbursements Current Year Installment .....</b>	<b>29,000</b>	<b>29,000</b>	<b>...</b>	<b>29,000</b>	<b>...</b>
<b>Total</b>	<b>29,000</b>	<b>29,000</b>	<b>...</b>	<b>29,000</b>	<b>...</b>

The Revenue Forgone Reform Act of 1993 authorizes \$29,000,000 to be appropriated to the Postal Service for each of Fiscal Years 1994 through 2035 for revenue forgone reform reimbursement to provide partial reimbursement to the Postal Service for losses incurred as a result of insufficient amounts appropriated under section §2401(c) for Fiscal Years 1991 through 1993, and to compensate for the additional revenues it is estimated the Postal Service would have received under the provisions of section §3626(a) for the period beginning October 1, 1993, and ending on September 30, 1998, if the fraction specified in subclause (VI) of section §3626(a)(3)(B)(ii) were applied with respect to such period instead of the respective fractions specified in subclauses (I) through (V) thereof.

# U. S. POSTAL SERVICE APPROPRIATIONS

## Justifications - Cont'd

Amounts for Recovery from and Response to Terrorist Attacks on the United States, (FY 2002), and for reimbursement of costs incurred to protect postal employees and postal customers from exposure to bio-hazardous materials.

(in thousands of dollars)

ITEM	FY 2002	FY 2003		FY 2004	
	Amount	Amount	Change from Prior Year	Amount	Change from Prior Year
Emergency Response Funds – P.L. No. 107-38:					
Presidential Transfer – 11/20/01 .....	175,000				
DOD Appropriations Act, 2002 – P.L. No. 107-177	500,000				
Suppl. Appropriation – P.L. No. 107-206 .....	87,000				
	<u>762,000</u>				
Budget Request .....		799,800	37,800	350,000	-449,800
<b>Total</b>	<b>762,000</b>	<b>799,800</b>	<b>37,800</b>	<b>350,000</b>	<b>-449,800</b>

On November 20, 2001 the President released \$175,000,000 from the Emergency Response Fund to the U.S. Postal Service in response to the anthrax attacks. This included funding for an initial purchase of irradiation equipment to sanitize the mail and for the costs of personnel protection equipment (gloves, masks, barrier creams, etc.), first-response/environmental testing kits and services, site clean-up and medical goods and services, and public education material.

As part of the Department of Defense Appropriations Act, 2002 (P.L. No. 107-117), enacted January 10, 2002, Congress appropriated, from amounts authorized by P.L. No. 107-38, an additional \$500,000,000 to the Postal Service to protect postal employees and postal customers from exposure to bio-hazardous material, sanitize and screen the mail, and replace or repair postal facilities destroyed or damaged in New York City as a result of the September 11, 2001 terrorist attacks.

As a supplemental appropriation (P.L. No. 107-206) Congress appropriated an additional \$87,000,000 to support the completion of planned actions in FY2002 to improve mail safety and security.

## U. S. POSTAL SERVICE APPROPRIATIONS

### Justifications - Cont'd

#### Emergency Response Funding – cont'd

Pursuant to Public Law No. 107-117, the Postal Service submitted on March 6, 2002 an *Emergency Preparedness Plan* that outlines and discusses in detail the activities considered necessary to provide for the safety of our employees and customers. The *Plan* covers a span of several years and the activities are categorized as Near-Term, Intermediate-Term and Long-Term in describing the time frames during which these activities are planned.

In the *Plan*, the Near-Term activities identified for FY2002 are projected to total \$587 million. Of this total, \$500 million was funded by Public Law 107-117, and \$87,000,000 was funded by Public Law 107-206.

No funding for emergency preparedness was included in the initial Postal Service FY2003 Budget Request pending completion of the *Emergency Preparedness Plan*, however, a FY2003 budget amendment request was subsequently forwarded to the Office of Management and Budget to fund activities totaling \$799.8 million relating to FY2003.

The *Plan* is dynamic and, as such, some modifications are necessary as our field testing proceeds, our knowledge of biohazard detection increases, and as technology matures.

The \$350 million Emergency Response funds requested for FY 2004 will be used to continue acquisition and deployment of ventilation and filtration (VFS) equipment that was initiated with the funds provided previously. A portion of the \$587 million provided during FY 2002 is being used to develop, acquire and install VFS on our culling and canceling equipment. Our Emergency Preparedness Plan currently discusses further deployment of VFS equipment to be installed on our delivery barcode sorters (DBCS) and automated flat sorting machines (AFSM) 100 and loose mail systems. The \$350 million requested will provide funding for the DBCS and AFSM 100 VFS acquisition and deployment.



**U. S. POSTAL SERVICE**

**FISCAL YEAR 2004 BUDGET  
PART II  
FINANCIAL STATEMENTS**



## **U.S. POSTAL SERVICE**

**The Postal Reorganization Act of 1970 (PRA), Public Law 91-375, converted the Post Office Department into the U.S. Postal Service, an independent establishment within the executive branch. The Postal Service commenced operations July 1, 1971. This agency is charged with providing reliable mail service at reasonable rates and fees.**

**The U.S. Postal Service is governed by an 11-member Board of Governors, including 9 Governors appointed by the President, the Postmaster General who is selected by the Governors, and the Deputy Postmaster General who is selected by the Governors and the Postmaster General.**

**Decisions on changes in domestic rates and postage and fees for postal services are recommended to the Governors of the Postal Service by the independent Postal Rate Commission after a hearing on the record under the Administrative Procedure Act. The Commission also recommends decisions on changes in the domestic mail classification schedule to the Governors. Decisions of the Governors on rates of postage, fees for postal services, and mail classification are final, subject to judicial review.**

**Programs - Included are all postal activities providing window services; processing, delivery, and transportation of mail; research and development; administration of postal field activities; and associated expenses of providing facilities and equipment.**

**Financing - The activities of the U.S. Postal Service are financed from the following sources: (1) mail and services revenue; (2) reimbursements from Federal and non-Federal sources; (3) proceeds from borrowing; (4) interest from U.S. securities and other investments; and (5) appropriations by the Congress. All receipts and deposits are made to the Postal Service Fund and are available without fiscal year limitation for payment of all expenses incurred, retirement of obligations, investment in capital assets, and investment in obligations and securities.**

## **U.S. POSTAL SERVICE**

**Section 2005 of Title 39, United States Code, authorizes the Postal Service to borrow money and to issue obligations for this purpose. Through the end of Fiscal Year 1990, the aggregate amount of such obligations outstanding at any one time was limited to \$10 billion. This maximum amount was increased to \$12.5 billion in Fiscal Year 1991 and to \$15.0 billion for Fiscal Year 1992 and each fiscal year thereafter. Also beginning in Fiscal Year 1991, the net increase in amounts outstanding in any year may not exceed \$2.0 billion in obligations issued for the purpose of capital improvements and \$1.0 billion for the purpose of defraying operating expenses. As of September 30, 2004, it is expected that the total debt instruments issued and outstanding pursuant to this authority will amount to \$9.925 billion.**

**The PRA created an independent Postal Service with a mandate to operate in a business-like manner and to report its finances using business-like accounting and budgeting. As a result, the Postal Service adopted an accrual accounting system, which follows generally accepted accounting principles, in which capital expenditures are charged to expense through depreciation over an asset's useful life. This provides an allocation of costs to the years in which an asset's benefits are received. A cash accounting approach, as used by the Federal Government, ignores the fact that valuable assets are acquired by the Postal Service and funded through postage rates set to recover the cost of those assets over their useful lives rather than in one year. Consistent with the purpose of the Act, the Office of Management and Budget (OMB) removed all Postal Service financial transactions except those involving appropriations, such as the revenue forgone payments for free and reduced-rate mail, from the Federal Government's budget and deficit calculations in Fiscal Year 1974. This action placed the Postal Service off-budget.**

**However, with the Fiscal Year 1986 Federal Budget, OMB placed the Postal Service back on-budget. As a result, the way capital expenditures are treated under the government's cash-basis system improperly made it appear that the "break-even" mandate of the Postal Service consistently adds to the Federal deficit in the near-term.**

**Enactment of the Budget Reconciliation Act of 1989 once again placed the Postal Service Fund off-budget. Effective with Fiscal Year 1990, receipts and disbursements of the Postal Service Fund are not considered as part of the congressional and executive budget process relating to calculations under the Balanced Budget and Emergency Deficit Control Act of 1985.**

## **U.S. POSTAL SERVICE**

### **Omnibus Budget Reconciliation Act of 1987 (OBRA of 1987)**

The OBRA of 1987 required the Postal Service to make payments of \$350 million to the Civil Service Retirement and Disability Fund and \$160 million to the Employees Health Benefits Fund in Fiscal Year 1988. Also required was a \$270 million payment in 1989 to the Employees Health Benefits Fund. Funds for the 1988 and 1989 health benefit payments were derived from operating budget savings. An escrow account was also established with the U.S. Treasury into which the Postal Service deposited \$465 million on October 31, 1988. The escrow was terminated and the funds returned on October 1, 1989. Excluding the temporarily escrowed funds, this legislation required Postal Service payments totalling \$780 million during 1988 and 1989.

The Act also limited Postal Service capital investment commitments to \$625 million in Fiscal Year 1988. Compared to the original Fiscal Year 1988 capital investment plan, these restrictions reduced Fiscal Year 1988 capital commitments by \$1.736 billion for a 74 percent reduction. The Act also limited Fiscal Year 1989 capital commitments to \$1.995 billion, a reduction of \$635 million or 24 percent from the original plan.

### **Omnibus Budget Reconciliation Act of 1989 (OBRA of 1989)**

The OBRA of 1989 included several provisions affecting the Postal Service's budget for 1990 and the budgets of future years.

The OBRA of 1989 placed the Postal Service Fund off budget effective in Fiscal Year 1990. It excludes postal receipts and disbursements from the totals in the President's Budget, the Congressional Budget Resolution and Gramm-Rudman-Hollings Act sequestration. Appropriations to USPS remain on-budget.

*Payments to the Department of Labor for USPS workers' compensation are accelerated. Beginning in September 1990, all future payments normally due in mid-October will be made during the preceding September. This change resulted in two payments during Fiscal Year 1990 and will cause all subsequent payments to be advanced one fiscal year. The OBRA of 1989 made USPS liable for CSRS COLA payments to USPS annuitants (or their survivors) who retire from USPS after 9/30/86. It also made USPS liable for the employer's share of health benefits costs of survivors of former USPS employees who died after 9/30/86.*

## **U.S. POSTAL SERVICE**

### **Debt Ceiling Legislation**

Legislation enacted December 12, 1989, also increased Postal Service borrowing authority. The following changes have been made to Postal Service statutory borrowing authority:

- o Maximum total outstanding borrowing was increased from \$10.0 billion to \$12.5 billion in Fiscal Year 1991 and to \$15.0 billion for Fiscal Year 1992 and each fiscal year thereafter.
- o Maximum annual net increase in obligations outstanding for capital improvements increased to \$2.0 billion.
- o Maximum annual net increase in obligations outstanding for operating expenses increased to \$1.0 billion.

### **Omnibus Budget Reconciliation Act of 1990 (OBRA of 1990)**

The OBRA of 1990 affected the Postal Service as follows:

- o Existing laws which required the Postal Service to fund Civil Service Retirement System (CSRS) cost-of-living adjustments (COLA) and Federal Employees Health Benefit Program (FEHBP) premiums only for postal annuitants who retired after September 30, 1986, and their survivors, were rescinded.
- o Effective October 1, 1990, the Postal Service is required to fund the CSRS COLAs for postal annuitants who retired after June 30, 1971, and their survivors. Each year's liability will be prorated and the Postal Service's portion will reflect only Federal civilian employment service occurring after June 30, 1971. This liability will be amortized over 15 years at 5 percent interest.
- o Effective October 1, 1990, the Postal Service is required to fund the employer's share of FEHBP insurance premiums for postal annuitants who retired after June 30, 1971, and their survivors. These costs are apportioned and the Postal Service's share reflects only Federal civilian employment service occurring after June 30, 1971.

## **U.S. POSTAL SERVICE**

### **OBRA of 1990 – cont'd**

- o The Postal Service is liable for the retroactive CSRS COLA and FEHBP premium payments that would have been required between July 1, 1971, and September 30, 1986, if the provisions described previously had been in effect since July 1, 1971. This retroactive liability was reduced by \$780 million representing the extraordinary Postal Service payments required by the Omnibus Budget Reconciliation Act of 1987 and the remaining balance was liquidated during FY 1991-1995.**
- o Included several reforms to the FEHBP to help control FEHBP premium increases beginning in FY 1991.**

### **Omnibus Budget Reconciliation Act of 1993 (OBRA of 1993)**

**The OBRA of 1993 obligated the Postal Service to pay interest on the retroactive assessments due under the OBRA of 1990. The OBRA of 1993 assessment represents interest at 5 percent on the employer's portion of annuitant COLAs and health benefits, previously paid by the U. S. Government, that the Postal Service would have paid had the provisions of the OBRA of 1990 been in effect from July 1, 1971 through September 30, 1986. This interest assessment, totaling \$1.041 billion, was paid in three equal annual installments beginning September 30, 1996.**

### **Balanced Budget Act of 1997**

**Under the Postal Reorganization Act of 1971, the U.S. Government remained responsible for payment of all Post Office Department workers' compensation claims incurred before July 1, 1971. This Act required that the newly created Postal Service be responsible only for its own workers' compensation claims. However, the Balanced Budget Act of 1997 repealed the authorization for transitional appropriations to the Postal Service that had funded the liabilities of the former Post Office Department to the Employees' Compensation Fund. Effective October 1, 1997, these remaining claims became liabilities of the Postal Service payable out of the Postal Service Fund. At September 30, 1997, the discounted present value of these liabilities was estimated at \$258 million.**

## **U.S. POSTAL SERVICE**

*The various OBRA's, described previously, and the Balanced Budget Act of 1997 have resulted in the cumulative total of \$22.8 billion in cost transfers to the Postal Service as of September 30, 2002.*

### **Revenue Forgone Reform Act of 1993**

Congress did not fund Postal Service revenue forgone requests at amounts that were required to fully fund the services rendered during fiscal years 1991, 1992, and 1993. These unpaid appropriation shortfalls totaled \$516 million as of September 30, 1993. The Revenue Forgone Reform Act of 1993 (Act) was enacted to provide funding for these appropriation shortfalls as well as for the cost of phasing out certain aspects of the revenue forgone program (estimated at \$702 million) during fiscal years 1994 through 1998. The Act authorizes the total of \$1.218 billion payable to the Postal Service in 42 annual installments of \$29 million each, without interest, during 1994 through 2035, as reimbursement for these amounts due.

### **Emergency Supplemental Appropriations Act for Recovery from and Response to Terrorist Attacks on the United States (P.L. No. 107-38)**

On November 20, 2001 the President released \$175 million from the Emergency Response Fund to the U.S. Postal Service in response to the anthrax attacks. This included \$100 million for an initial purchase of irradiation equipment to sanitize the mail and \$75 million for the costs of personnel protection equipment, first-response/environmental testing kits and services, site clean-up and medical goods and services, and public education material.

As part of the Department of Defense Appropriations Act, 2002 (P.L. 107-117), enacted January 10, 2002, Congress appropriated, from amounts authorized by P.L. No. 107-38, an additional \$500 million to the Postal Service to protect postal employees and postal customers from exposure to bio-hazardous material, sanitize and screen the mail, and replace or repair postal facilities destroyed or damaged in New York City as a result of the September 11, 2001 terrorist attacks. A supplemental appropriation, P.L. 107-206 provided an additional \$87 million to support completion of planned FY 2002 activities.

*The following Program and Financing Statement and Statement of Revenue and Expense reflect actual financial results for Fiscal Year 2002 and the Postal Service forecasts for Fiscal Years 2003 and 2004.*

# U.S. POSTAL SERVICE PROGRAM AND FINANCING

(in thousands of dollars)

ITEM	ACTUAL FY 2002	ESTIMATE FY 2003	ESTIMATE FY 2004
<b>Obligations by Program Activity:</b>			
<b>Reimbursable Program:</b>			
Postal Field Operations	46,553,000	47,452,000	48,257,000
Transportation	5,132,000	5,499,000	5,764,000
Building Occupancy	1,713,000	1,763,000	1,924,000
Supplies and Services	2,964,000	2,988,000	3,348,000
Research and Development	43,000	43,000	43,000
Administration and Area Operations	7,073,000	7,577,000	7,591,000
Interest	1,966,000	1,612,000	1,571,000
Servicewide Expenses	156,000	197,000	205,000
Capital Investments	1,260,000	2,557,000	2,938,000
<b>Total New Obligations</b>	<b>66,860,000</b>	<b>69,688,000</b>	<b>71,641,000</b>
<b>Budgetary Resources Available for Obligation:</b>			
New Budget Authority (gross)	69,759,000	70,489,000	72,029,000
Redemption of Debt	-2,899,000	-801,000	-388,000
<b>Total Budgetary Resources Available for Obligation</b>	<b>66,860,000</b>	<b>69,688,000</b>	<b>71,641,000</b>
<b>Total New Obligations</b>	<b>-66,860,000</b>	<b>-69,688,000</b>	<b>-71,641,000</b>
<b>New Budget Authority (gross)</b>			
Authority to Borrow (indefinite)	3,071,000	51,000	877,000
Spending Authority from Offsetting Collections: Offsetting Collections	66,688,000	70,438,000	71,152,000
<b>Total New Budget Authority (gross)</b>	<b>69,759,000</b>	<b>70,489,000</b>	<b>72,029,000</b>

**U.S. POSTAL SERVICE  
PROGRAM AND FINANCING**

(in thousands of dollars)

<b>ITEM</b>	<b>ACTUAL FY 2002</b>	<b>ESTIMATE FY 2003</b>	<b>ESTIMATE FY 2004</b>
<b>Change in Obligated Balances:</b>			
Obligated Balance, Start of Year	18,751,000	19,574,000	19,572,000
Total new Obligations	66,860,000	69,688,000	71,641,000
Total outlays (gross)	<u>-66,037,000</u>	<u>-69,690,000</u>	<u>-70,765,000</u>
Obligated Balance, End of Year	19,574,000	19,572,000	20,448,000
<b>Outlays (gross) Detail:</b>			
Outlays from New Permanent Authority	66,037,000	69,690,000	70,765,000
<b>Offsets:</b>			
Against Gross Budget Authority and Outlays			
Offsetting Collections from:			
Federal Sources	1,711,000	981,000	973,000
Interest on U.S. Securities	20,000	20,000	20,000
Non-Federal sources	<u>64,957,000</u>	<u>69,437,000</u>	<u>70,159,000</u>
Total, Offsetting Collections	66,688,000	70,438,000	71,152,000
<b>Net budget Authority and Outlays:</b>			
Budget Authority	3,071,000	51,000	877,000
Outlays	-651,000	-748,000	-387,000



**U.S. POSTAL SERVICE**  
**STATEMENT OF REVENUE AND EXPENSE**  
(in thousands of dollars)

	<u>ACTUAL FY 2002</u>	<u>ESTIMATE FY 2003</u>	<u>ESTIMATE FY 2004</u>
<b>TOTAL REVENUES</b>	<b>66,688,000</b>	<b>70,438,000</b>	<b>71,152,000</b>
<b>TOTAL EXPENSES</b>	<b>67,364,000</b>	<b>69,838,000</b>	<b>71,652,000</b>
<b>NET INCOME, LOSS (-)</b>	<b>-676,000</b>	<b>600,000</b>	<b>-500,000</b>

**UNITED STATES POSTAL SERVICE**

**FY 2004 CONGRESSIONAL BUDGET**

**WORKPAPERS**

# FISCAL YEAR 2004 PRESIDENT'S BUDGET HIGHLIGHTS

ITEM	FY 2002 ACTUAL	USPS FY 2003 ESTIMATE	OMB PROPOSED ADJ.	OMB FY 2003 ESTIMATE	USPS FY 2004 ESTIMATE	OMB PROPOSED ADJ.	OMB FY 2004 ESTIMATE
Workyears	865,242	845,310		845,310	831,531		831,531
*****							
Mail Volume (Millions of Pieces)	202,822	205,682		205,682	209,795		209,795
Mail Volume (Percent Change Over Previous Year)	-2.24%	1.41%		1.41%	2.00%		2.00%
Workyears (Percent Change Over Previous Year)	-3.79%	-2.30%		-2.30%	-1.63%		-1.63%
Change in Peices Per Workyear (Percent Change Over Pervious Year)	1.62%	3.80%		3.80%	3.69%		3.69%
*****							
Total Revenues and Operating Receipts	66,509,333	70,437,693		70,437,693	71,151,645		71,151,645
Total Expenses	67,185,781	69,838,951		69,838,951	71,652,097		71,652,097
Net Income or (Loss)	(676,448)	598,742		598,742	(500,452)		(500,452)
*****							
Capital Committments (\$000) Gross	1,317,032	2,556,665		2,556,665	2,938,415		2,938,415
Capital Committments (\$000) Net	1,259,339	2,556,665		2,556,665	2,938,415		2,938,415
*****							
Capital Outlays (\$000)	1,609,067	1,982,863		1,982,863	2,515,765		2,515,765
*****							

ACTUAL FISCAL YEAR: 2002

BUDGET HIGHLIGHTS

**Cost Segment 1  
Postmasters**

	<b>Actual FY 2002</b>	<b>Estimate FY 2003</b>	<b>Change Amount FY 2003</b>	<b>Percent FY 2003</b>	<b>Estimate FY 2004</b>	<b>Change Amount FY 2004</b>	<b>Percent FY 2004</b>
<b>Resources:</b>							
<b>Positions</b>							
<b>Wkyr</b>	31,217	31,217	-	0.0%	31,217	-	0.0%
<b>Expenses (\$000):</b>							
<b>Salaries and Benefits</b>	1,781,179,556	1,870,184,921	89,005,365	5.0%	1,987,799,871	206,620,315	6.3%
<b>Travel of Persons</b>	18,873,758	19,190,837	317,079	1.7%	19,313,658	439,900	0.6%
<b>Trans. of Hsld Eff</b>	1,610,443	1,637,498	27,055	1.7%	1,647,978	37,535	0.6%
<b>TOTAL</b>	<u>1,801,663,756</u>	<u>1,891,013,256</u>	<u>89,349,499</u>	<u>5.0%</u>	<u>2,008,761,507</u>	<u>207,097,751</u>	<u>6.2%</u>

**Description:**

This segment includes personnel costs that can be attributed to postmasters, district managers/postmasters, and some Bulk Mail Centers managers. Segment 1 costs consist of the salaries, benefits, travel, and relocation costs recorded in general ledger sub-accounts 101, 102 and 161. Also included are amounts recorded in account identifier codes related to the same sub-accounts.

**Current Period**  
**Actual Fiscal Year:**                      **FY 2002**

**Cost Segment 2  
Professls & Supervisors**

	Actual FY 2002	Estimate FY 2003	Change Amount FY 2003	Percent FY 2003	Estimate FY 2004	Change Amount FY 2004	Percent FY 2004
<b>Resources:</b>							
<b>Positions</b>							
<b>Wkyr</b>	55,772	55,772	-	0.0%	55,772	-	0.0%
<b>Expenses (\$000):</b>							
<b>Salaries and Benefits</b>	3,557,104,526	3,730,008,615	172,904,089	4.9%	3,959,360,283	402,255,757	6.1%
<b>Travel of Persons</b>	40,932,356	41,620,019	687,664	1.7%	41,886,387	954,032	0.6%
<b>Trans. of Hsld Eff</b>	3,526,394	3,585,637	59,243	1.7%	3,608,585	82,192	0.6%
<b>Benefits: Former Person</b>	107,321	107,321	-	0.0%	107,321	-	0.0%
<b>TOTAL</b>	<b>3,601,670,596</b>	<b>3,775,321,591</b>	<b>173,650,996</b>	<b>4.8%</b>	<b>4,004,962,576</b>	<b>403,291,980</b>	<b>6.1%</b>

**Description:**

This segment includes personnel costs that can be attributed to supervisors and technical personnel in field installations, except those in custodial, building and equipment maintenance activities (Segment 11), motor vehicle service activities (Segment 12), and miscellaneous local operations (Segment 13). Managers of postal installations other than post offices and Bulk Mail Centers managers are covered by this segment. Segment 2 costs consist of the salaries, benefits, travel, and relocation costs recorded in general ledger sub-accounts 103 and 130. Also included are amounts recorded in account identifier codes related to the same sub-accounts.

**Current Period**

**Actual Fiscal Year:**                      **FY 2002**

**Cost Segment 3  
Clerks & MH CAG A to J**

	Actual FY 2002	Estimate FY 2003	Change Amount FY 2003	Percent FY 2003	Estimate FY 2004	Change Amount FY 2004	Percent FY 2004
Resources:							
Positions							
Wkyr	350,066	339,060	(11,006)	-3.1%	325,643	(24,423)	-4.0%
Expenses (\$000):							
Salaries and Benefits	18,031,547,757	18,190,750,635	159,202,878	0.9%	18,056,989,669	25,441,912	-0.7%
Travel of Persons	5,815,817	5,728,036	(87,781)	-1.5%	5,585,690	(230,127)	-2.5%
Trans. of Hsld Eff	173,330	170,712	(2,618)	-1.5%	166,607	(6,723)	-2.4%
Benefits: Former Person	353,995	353,995	-	0.0%	353,995	-	0.0%
<b>TOTAL</b>	<b>18,037,890,898</b>	<b>18,197,003,377</b>	<b>159,112,479</b>	<b>0.9%</b>	<b>18,063,095,961</b>	<b>25,205,063</b>	<b>-0.7%</b>

**Description:**

This segment included personnel costs that can be attributed to clerks and mailhandlers personnel in CAG A-J post offices, their classified stations and branches, processing and distribution centers/facilities, air mail centers, facilities, bulk mail centers, and remote encoding centers. Segment 3 costs consist of the salaries, benefits, travel, and relocation costs recorded in general ledger sub-accounts 104 and 107. Also included are amounts recorded in account identifier codes related to the same sub-accounts.

Current Period

Actual Fiscal Year:

FY 2002

**Cost Segment 4  
Clerks CAG K**

	Actual FY 2002	Estimate FY 2003	Change Amount FY 2003	Percent FY 2003	Estimate FY 2004	Change Amount FY 2004	Percent FY 2004
<b>Resources:</b>							
<b>Positions</b>							
<b>Wkyr</b>	133	133	(0)	0.0%	133	(0)	0.0%
<b>Expenses (\$000):</b>							
<b>Salaries and Benefits</b>	5,723,924	5,945,936	222,012	3.9%	6,182,275	458,351	4.0%
<b>Travel of Persons</b>	14,955	15,204	249	1.7%	15,300	345	0.6%
<b>TOTAL</b>	<u>5,738,879</u>	<u>5,961,140</u>	<u>222,261</u>	<u>3.9%</u>	<u>6,197,575</u>	<u>458,696</u>	<u>4.0%</u>

**Description:**

This segment included personnel costs that can be attributed to clerks in CAG K post offices. Segment 4 costs consist of the salaries, benefits, travel, and relocation costs recorded in general ledger sub-account 105. Also included are amounts recorded in account identifier codes related to the same sub-accounts.

**Current Period  
Actual Fiscal Year:**

**FY 2002**

**Cost Segment 6  
City Delivery Carriers**

	Actual FY 2002	Estimate FY 2003	Change Amount FY 2003	Percent FY 2003	Estimate FY 2004	Change Amount FY 2004	Percent FY 2004
<b>Resources:</b>							
<b>Positions</b>							
<b>Wkyr</b>	255,663	255,659	(4)	0.0%	255,510	(153)	-0.1%
<b>Expenses (\$000):</b>							
<b>Salaries and Benefits</b>	14,144,893,934	14,224,262,641	79,368,707	0.6%	14,712,508,403	567,614,469	3.4%
<b>Travel of Persons</b>	1,304,690	1,326,537	21,847	1.7%	1,334,202	29,512	0.6%
<b>Trans. of Hsld Eff</b>	79,457	80,788	1,331	1.7%	81,254	1,797	0.6%
<b>TOTAL</b>	14,146,278,081	14,225,669,965	79,391,885	0.6%	14,713,923,859	567,645,778	3.4%

**Description:**

This segment includes personnel costs that can be attributed to city delivery carriers. Segment 6 includes office activity, and segment 7 includes street activity. Segment 6 and 7 costs consist of the salaries, benefits, travel, and relocation costs recorded in general ledger sub-account 113. Also included are amounts recorded in account identifier codes related to the same sub-accounts.

Current Period

Actual Fiscal Year: FY 2002



**Cost Segment 8  
Vehicle Drivers**

	Actual FY 2002	Estimate FY 2003	Change Amount FY 2003	Percent FY 2003	Estimate FY 2004	Change Amount FY 2004	Percent FY 2004
<b>Resources:</b>							
<b>Positions</b>							
<b>Wkyr</b>	10,099	10,100	1	0.0%	10,100	1	0.0%
<b>Expenses (\$000):</b>							
<b>Salaries and Benefits</b>	553,004,321	571,137,914	18,133,594	3.3%	590,623,794	37,619,473	3.4%
<b>Travel of Persons</b>	33,147	33,707	560	1.7%	33,923	776	0.6%
<b>TOTAL</b>	<u>553,037,468</u>	<u>571,171,621</u>	<u>18,134,154</u>	<u>3.3%</u>	<u>590,657,716</u>	<u>37,620,249</u>	<u>3.4%</u>

**Description:**

This segment includes personnel costs that can be attributed to vehicle service drivers. Segment 8 costs consist of the salaries, benefits, travel, and relocation costs recorded in general ledger sub-account 114. Also included are amounts recorded in account identifier codes related to the same sub-accounts.

**Current Period**  
**Actual Fiscal Year:**                      **FY 2002**

**Cost Segment 10  
Rural Carriers**

	Actual FY 2002	Estimate FY 2003	Change Amount FY 2003	Percent FY 2003	Estimate FY 2004	Change Amount FY 2004	Percent FY 2004
<b>Resources:</b>							
<b>Positions</b>							
<b>Wkyr</b>	93,070	93,070	-	0.0%	93,070	-	0.0%
<b>Expenses (\$000):</b>							
<b>Salaries and Benefits</b>	4,219,085,670	4,486,984,063	267,898,392	6.3%	4,560,914,228	341,828,558	1.6%
<b>Travel of Persons</b>	1,909,334	1,941,347	32,013	1.7%	1,953,710	44,376	0.6%
<b>Equipment Maint Allow</b>	392,199,248	404,461,828	12,262,580	3.1%	416,461,103	24,261,855	3.0%
<b>TOTAL</b>	4,613,194,253	4,893,387,238	280,192,985	6.1%	4,979,329,041	366,134,788	1.8%

**Description:**

This segment includes personnel costs that can be attributed to rural carriers. Segment 10 costs consist of the salaries, benefits, travel, and relocation costs recorded in general ledger sub-account 112. Also included are amounts recorded in account identifier codes related to the same sub-accounts. Rural carrier equipment maintenance allowance cost (52462) are included in this segment.

**Current Period  
Actual Fiscal Year:**

**FY 2002**

**Cost Segment 11  
Bldg, Plt, & Oper Equip**

	Actual FY 2002	Estimate FY 2003	Change Amount FY 2003	Percent FY 2003	Estimate FY 2004	Change Amount FY 2004	Percent FY 2004
<b>Resources:</b>							
<b>Positions</b>							
<b>Wkyr</b>	47,794	47,624	(169)	-0.4%	47,410	(383)	-0.4%
<b>Expenses (\$000):</b>							
<b>Salaries and Benefits</b>	2,638,327,605	2,717,707,499	79,379,894	3.0%	2,802,470,652	164,143,047	3.1%
<b>Travel of Persons</b>	14,505,678	14,664,220	158,542	1.1%	14,650,363	144,686	-0.1%
<b>Trans. of Hsld Eff</b>	250,361	253,078	2,717	1.1%	252,815	2,454	-0.1%
<b>Contract Job Cleaners</b>	73,995,008	75,717,882	1,722,874	2.3%	77,564,196	3,569,188	2.4%
<b>Benefits: Former Person</b>	8,777	8,777	-	0.0%	8,777	-	0.0%
<b>TOTAL</b>	<u>2,727,087,429</u>	<u>2,808,351,456</u>	<u>81,264,027</u>	<u>3.0%</u>	<u>2,894,946,804</u>	<u>167,859,374</u>	<u>3.1%</u>

**Description:**

This segment includes all personnel costs, including supervision , that can be attributed to building services, postal operating, building, and plant equipment maintenance, maintenance administrative support, and repair and service center activities. Segment 11 costs consist of the salaries, benefits, travel, and relocation costs recorded in general ledger sub-accounts 121, 123, 125, 127, and 153. Also included are amounts recorded in account identifier codes related to the same sub-accounts. Costs for contract cleaners (52311) are included in this segment.

**Current Period**  
**Actual Fiscal Year:** FY 2002

**Cost Segment 12  
Vehicle Maintenance**

	Actual FY 2002	Estimate FY 2003	Change Amount FY 2003	Percent FY 2003	Estimate FY 2004	Change Amount FY 2004	Percent FY 2004
Resources:							
Positions							
Wkyr	6,291	6,290	(0)	0.0%	6,290	(0)	0.0%
Expenses (\$000):							
Salaries and Benefits	356,694,250	368,480,409	11,786,159	3.3%	381,546,422	24,852,172	3.5%
Travel of Persons	1,105,785	1,124,290	18,505	1.7%	1,131,464	25,679	0.6%
Trans. of Hsld Eff	3,543	3,602	59	1.7%	3,625	82	0.6%
Vehicle Hire	29,049,549	28,957,624	(91,926)	-0.3%	29,669,426	619,877	2.5%
Vehicle Repair & Maint	99,489,563	102,596,954	3,107,391	3.1%	105,642,108	6,152,545	3.0%
Elec. Pwr for Motor Veh	236,819	240,640	3,821	1.6%	243,643	6,824	1.2%
Operating Supplies & Mat	161,185,830	165,204,796	4,018,966	2.5%	166,589,401	5,403,571	0.8%
Vehicle Suppl & Mat	153,498,645	157,325,940	3,827,296	2.5%	158,644,511	5,145,866	0.8%
VMF Inv Adj: Suppl & Mat	3,528,812	3,616,798	87,986	2.5%	3,647,111	118,299	0.8%
<b>TOTAL</b>	<b>804,792,795</b>	<b>827,551,053</b>	<b>22,758,257</b>	<b>2.8%</b>	<b>847,117,710</b>	<b>42,324,915</b>	<b>2.4%</b>

**Description:**

This segment includes all personnel costs, including supervision, that can be attributed to motor vehicle maintenance services. Segment 12 costs consist of the salaries, benefits, travel, and relocation costs recorded in general ledger sub-account 141. Also included are amounts recorded in account identifier codes related to the same sub-accounts. Cost for motor vehicle supplies, materials, maintenance, and vehicle hire are included in this segment.

Current Period  
Actual Fiscal Year: FY 2002

**Cost Segment 13  
Miscellaneous Field Ops**

	Actual FY 2002	Estimate FY 2003	Change Amount FY 2003	Percent FY 2003	Estimate FY 2004	Change Amount FY 2004	Percent FY 2004
<b>Resources:</b>							
<b>Positions</b>							
<b>Wkyr</b>	644	644	-	0.0%	644	-	0.0%
<b>Expenses (\$000):</b>							
<b>Salaries and Benefits</b>	67,220,989	69,043,412	1,822,423	2.7%	71,431,777	4,210,788	3.5%
<b>Travel of Persons</b>	69,121,554	70,271,725	1,150,171	1.7%	70,878,151	1,756,597	0.9%
<b>Trans. of Hsld Eff</b>	24,664,384	25,265,684	601,299	2.4%	25,465,244	800,860	0.8%
<b>Other Services</b>	1,337	1,383	45	3.4%	1,430	92	3.4%
<b>Supplies and Materials</b>	29,967,208	30,985,698	1,018,490	3.4%	32,038,058	2,070,850	3.4%
<b>Reimbursements</b>	(71,860)	(73,535)	(1,674)	2.3%	(75,329)	(3,469)	2.4%
<b>Rental Allowance, CAG L</b>	14,857	14,857	-	0.0%	14,857	-	0.0%
<b>Contract Stations</b>	70,807,592	70,807,592	-	0.0%	70,807,592	-	0.0%
<b>Benefits: Former Person</b>	184,238	184,238	-	0.0%	184,238	-	0.0%
<b>TOTAL</b>	<u>261,910,299</u>	<u>266,501,054</u>	<u>4,590,754</u>	<u>1.8%</u>	<u>270,746,019</u>	<u>8,835,719</u>	<u>1.6%</u>

**Description:**

This segment includes personnel costs that can be attributed to the Mail Equipment Shops, the facility field offices, and the purchasing field service centers. Segment 13 costs consist of the salaries, benefits, travel, and relocation costs recorded in general ledger sub-accounts 142, 146, and 148. Also included are amounts recorded in account identifier codes related to the same sub-accounts.

**Current Period**  
**Actual Fiscal Year:** FY 2002

**Cost Segment 14  
Transportation**

	<b>Actual FY 2002</b>	<b>Estimate FY 2003</b>	<b>Change Amount FY 2003</b>	<b>Percent FY 2003</b>	<b>Estimate FY 2004</b>	<b>Change Amount FY 2004</b>	<b>Percent FY 2004</b>
<b>Resources:</b>							
<b>Positions</b>							
<b>Wkyr</b>	-	-	-	0.0%	-	-	0.0%
<b>Expenses (\$000):</b>							
<b>Domestic Airmail</b>	1,921,037,338	2,290,261,470	369,224,132	19.2%	2,288,511,514	367,474,176	-0.1%
<b>Foreign Airmail</b>	205,094,947	265,275,174	60,180,226	29.3%	248,324,329	43,229,382	-6.4%
<b>Railroad Services</b>	221,088,719	227,517,537	6,428,818	2.9%	237,887,847	16,799,127	4.6%
<b>Domestic Water Services</b>	25,433,554	26,603,752	1,170,198	4.6%	27,717,406	2,283,852	4.2%
<b>Foreign Water Services</b>	5,840,308	5,912,728	72,420	1.2%	6,082,245	241,937	2.9%
<b>Highway Transportation</b>	2,376,546,655	2,299,281,957	(77,264,698)	-3.3%	2,558,232,320	181,685,665	11.3%
<b>Terminal: Transit Charges</b>	377,503,103	384,112,875	6,609,772	1.8%	397,238,713	19,735,610	3.4%
<b>TOTAL</b>	5,132,544,625	5,498,965,493	366,420,868	7.1%	5,763,994,374	631,449,749	4.8%

**Description:**

This segment includes the cost of non-Postal Service contractual resources used to transport domestic mail between Postal Service facilities within the United States of America. Air, highway, rail, and water transportation modes are included. (The cost of Postal Service resources used to transport mail, which include Vehicle Service Drivers and Postal Service owned vehicles, are included in Cost Segment 8.) This segment also included the costs of transporting international mail between the United States and foreign countries, and the impact on international mail transportation of fluctuations in the international currency conversion exchange rates, known as Special Drawing Rights, or SDR's. The cost of overseas military and official U. S. Government mail and an exactly offsetting reimbursement from the U. S. Government is also included in this segment.

**Current Period**

**Actual Fiscal Year:**

**FY 2002**

**Cost Segment 15  
Building Occupancy**

	<b>Actual FY 2002</b>	<b>Estimate FY 2003</b>	<b>Change Amount FY 2003</b>	<b>Percent FY 2003</b>	<b>Estimate FY 2004</b>	<b>Change Amount FY 2004</b>	<b>Percent FY 2004</b>
<b>Resources:</b>							
<b>Positions</b>							
<b>Wkyr</b>	-	-	-	0.0%	-	-	0.0%
<b>Expenses (\$000):</b>							
<b>Rents</b>	951,423,866	987,039,774	35,615,907	3.7%	1,032,307,876	80,884,010	4.6%
<b>Rent Reimbursements</b>	(60,421,014)	(62,360,529)	(1,939,515)	3.2%	(64,343,593)	(3,922,579)	3.2%
<b>Fuels</b>	52,023,746	54,862,244	2,838,498	5.5%	57,205,336	5,181,590	4.3%
<b>Utilities</b>	470,846,515	479,420,565	8,574,050	1.8%	589,278,103	118,431,588	22.9%
<b>Communications</b>	175,739,128	179,517,520	3,778,391	2.1%	182,279,066	6,539,938	1.5%
<b>Bldg. Projects Expend</b>	118,144,646	120,817,506	2,672,860	2.3%	123,234,868	5,090,222	2.0%
<b>Moving Expense</b>	2,933,940	2,983,230	49,290	1.7%	3,002,323	68,383	0.6%
<b>Reimbursements</b>	2,086	2,131	45	2.1%	2,158	72	1.3%
<b>Communications</b>	1,884,903	1,926,074	41,171	2.2%	1,954,830	69,927	1.5%
<b>TOTAL</b>	<u>1,712,577,817</u>	<u>1,764,208,515</u>	<u>51,630,698</u>	<u>3.0%</u>	<u>1,924,920,967</u>	<u>212,343,150</u>	<u>9.1%</u>

**Description:**

This segment includes the non-capital related non-personnel costs of occupying and maintaining Postal Service owned and rented facilities. These costs include rent, heating fuel, building repairs and alterations, and utilities such as gas, electricity, water, and voice telephone.

**Current Period**  
**Actual Fiscal Year:** **FY 2002**

**Cost Segment 16  
Supplies & Services**

	Actual FY 2002	Estimate FY 2003	Change Amount FY 2003	Percent FY 2003	Estimate FY 2004	Change Amount FY 2004	Percent FY 2004
<b>Resources:</b>							
<b>Positions</b>							
<b>Wkyr</b>	230	230	-	0.0%	230	-	0.0%
<b>Expenses (\$000):</b>							
<b>ADP</b>	506,936,216	519,609,622	12,673,405	2.5%	523,974,342	17,038,126	0.8%
<b>Equipment</b>	30,779,634	31,549,125	769,491	2.5%	31,814,138	1,034,504	0.8%
<b>Custodial</b>	89,248,255	91,479,461	2,231,206	2.5%	92,247,888	2,999,634	0.8%
<b>Buildings</b>	465,795,913	677,440,811	211,644,898	45.4%	783,131,314	317,335,401	15.6%
<b>Printing and Production</b>	38,684,063	39,651,165	967,102	2.5%	39,984,235	1,300,171	0.8%
<b>Accountable Paper</b>	160,032,503	164,033,316	4,000,813	2.5%	165,411,196	5,378,692	0.8%
<b>Postal Supplies &amp; Serv.</b>	1,579,924,693	1,771,367,167	191,442,474	12.1%	2,069,913,064	489,988,371	16.9%
<b>Supplies and Services</b>	(1,884,826)	(1,931,946)	(47,121)	2.5%	(1,948,175)	(63,349)	0.8%
<b>Other Services</b>	6,150,805	6,162,114	11,309	0.2%	6,166,009	15,204	0.1%
<b>Reimbursements</b>	(4,035,071)	(4,135,947)	(100,877)	2.5%	(4,170,689)	(135,619)	0.8%
<b>Salaries and Benefits</b>	13,641,362	14,244,445	603,083	4.4%	14,867,062	1,225,700	4.4%
<b>Travel of Persons</b>	179,243	182,245	3,002	1.7%	183,402	4,159	0.6%
<b>Trans. of Hsld Eff</b>	43,542	44,271	729	1.7%	44,552	1,010	0.6%
<b>Other Services</b>	69,206,678	70,824,039	1,617,361	2.3%	72,505,403	3,298,725	2.4%
<b>Supplies and Materials</b>	105	108	3	2.5%	109	4	0.8%
<b>Operating Supplies &amp; Mat</b>	9,282,670	9,514,737	232,067	2.5%	9,594,661	311,991	0.8%
<b>TOTAL</b>	<u>2,963,985,787</u>	<u>3,390,034,730</u>	<u>426,048,944</u>	<u>14.4%</u>	<u>3,803,718,511</u>	<u>839,732,724</u>	<u>12.2%</u>

**Description:**

This segment includes the non-personnel cost of supplies and spare parts, and the personnel cost of employees at Purchasing Service Centers and Materiel Distribution Centers who purchase and maintain inventories of postal supplies and spare parts, and then distribute them to postal installations. Also included is the cost of printing and reproduction, including postage stock and other accountable paper, and the cost of contractual and other services, except those related to the transportation of mail which are include in Cost Segment 14, and those related to Headquarters Administration which are included in cost segment 18.

**Current Period**

**Actual Fiscal Year:**

**FY 2002**



**Cost Segment 17  
Research & Development**

	Actual FY 2002	Estimate FY 2003	Change Amount FY 2003	Percent FY 2003	Estimate FY 2004	Change Amount FY 2004	Percent FY 2004
Resources:							
Positions							
Wkyr	-	-	-	0.0%	-	-	0.0%
Expenses (\$000):							
Projects Expensed	42,627,219	42,627,219	-	0.0%	42,627,219	-	0.0%
<b>TOTAL</b>	<b>42,627,219</b>	<b>42,627,219</b>	<b>-</b>	<b>0.0%</b>	<b>42,627,219</b>	<b>-</b>	<b>0.0%</b>

**Description:**

This segment includes the costs of contractual services related to Research and Development (R&D) initiatives on new technologies and equipment which primarily include efforts to improve mail processing technology, construction engineering, and field industrial engineering. Personnel costs for Postal Service employees engaged in R&D activities are described in Cost Segment 18.

**Current Period  
Actual Fiscal Year:**

**FY 2002**

**Cost Segment 18  
Admin & Area Ops**

	Actual FY 2002	Estimate FY 2003	Change Amount FY 2003	Percent FY 2003	Estimate FY 2004	Change Amount FY 2004	Percent FY 2004
<b>Resources:</b>							
Positions							
Wkyr	14,218	14,218	-	0.0%	14,218	-	0.0%
<b>Expenses (\$000):</b>							
Salaries and Benefits	7,784,815,073	8,378,913,514	594,098,441	7.6%	8,346,036,759	561,221,686	-0.4%
Travel of Persons	43,142,231	43,867,116	724,885	1.7%	44,148,510	1,006,279	0.6%
Trans. of Hsld Eff	6,329,682	6,436,208	106,526	1.7%	6,477,583	147,901	0.6%
Other Services	119,362,955	122,933,552	3,570,597	3.0%	127,545,688	8,182,733	3.8%
Supplies and Materials	14,456,693	14,818,110	361,417	2.5%	14,982,927	526,234	1.1%
Benefits: Former Person	516,837	516,837	-	0.0%	516,837	-	0.0%
Communications	(181)	(186)	(4)	2.3%	(191)	(9)	2.7%
Interest Expense	340,091,334	340,091,334	-	0.0%	340,091,334	-	0.0%
Employee Losses	42,592	42,592	-	0.0%	42,707	115	0.3%
<b>TOTAL</b>	<b>8,308,757,216</b>	<b>8,907,619,078</b>	<b>598,861,862</b>	<b>7.2%</b>	<b>8,879,842,155</b>	<b>571,084,939</b>	<b>-0.3%</b>

**Description:**

This segment includes the personnel cost of employees at Headquarters, Headquarters related Field Service Units, and Area offices. Non-personnel costs specifically related to Headquarters or Area Administration, and miscellaneous support costs and contingencies which are corporatwide in nature are also included. Other costs included are awards and lump sum payments made to employees whose personnel costs are included in segments 15, 16, 18, & 19, and corporatwide personnel costs which are not allocated by employee category. Only those awards and lump sum payments which relate to individuals performance or some other circumstance unique to an individual are included in Segment 18. Awards and lump sum payment that are made to all or most employees in an employee category are included with the personnel cost of that employee category. Corporatwide personnel costs include worker's compensation, unemployment compensation, CSRS unfunded liabilities, CSRS annuitant COLAs, annuitant health benefits, annuitant life insurance, repricing of annual leave, annuity protection program, and health benefits for employees on workers' compensation.

**Current Period**

**Actual Fiscal Year:**

**FY 2002**

**Cost Segment 19  
Support Services**

	Actual FY 2002	Estimate FY 2003	Change Amount FY 2003	Percent FY 2003	Estimate FY 2004	Change Amount FY 2004	Percent FY 2004
<b>Resources:</b>							
<b>Positions</b>							
<b>Wkyr</b>	45	45	-	0.0%	45	-	0.0%
<b>Expenses (\$000):</b>							
<b>Salaries and Benefits</b>	3,697,417	3,834,871	137,454	3.7%	4,018,004	320,587	4.8%
<b>Travel of Persons</b>	797,654	811,055	13,401	1.7%	816,246	18,591	0.6%
<b>Trans. of Hsld Eff</b>	397	404	7	1.7%	406	9	0.6%
<b>Supplies and Materials</b>	1,421,176	1,421,176	-	0.0%	1,421,176	-	0.0%
<b>Instructional Services</b>	32,012,029	32,757,909	745,880	2.3%	33,557,202	1,545,173	2.4%
<b>TOTAL</b>	37,928,673	38,825,415	896,742	2.4%	39,813,034	1,884,361	2.5%

**Description:**

This segment includes the non-personnel cost of equipment maintenance training supplies and services, and the personnel cost of employees at the Maintenance Technical Support Center.

**Current Period**

**Actual Fiscal Year:**

**FY 2002**

**Cost Segment 20  
Depreciation & Servwide**

	<b>Actual FY 2002</b>	<b>Estimate FY 2003</b>	<b>Change Amount FY 2003</b>	<b>Percent FY 2003</b>	<b>Estimate FY 2004</b>	<b>Change Amount FY 2004</b>	<b>Percent FY 2004</b>
<b>Resources:</b>							
<b>Positions</b>							
<b>Wkyr</b>	-	-	-	0.0%	-	-	0.0%
<b>Expenses (\$000):</b>							
<b>Depreciation</b>	2,295,881,958	2,592,287,664	296,405,706	12.9%	2,670,407,981	374,526,023	3.0%
<b>Expd Equip &amp; ChargeOffs</b>	4,823,076	4,935,454	112,378	2.3%	5,055,879	232,803	2.4%
<b>Gain or Loss: Sale of Assets</b>	5,256,762	5,256,762	-	0.0%	5,256,762	-	0.0%
<b>Other Services</b>	114,387,878	115,585,695	1,197,817	1.0%	116,869,288	2,481,411	1.1%
<b>Embossed Envelopes</b>	5,311,318	5,435,071	123,754	2.3%	5,567,687	256,369	2.4%
<b>Ins. Claims &amp; Indemnities</b>	141,459,779	144,675,972	3,216,193	2.3%	148,128,998	6,669,219	2.4%
<b>Reimbursements</b>	(133,057,750)	(133,437,594)	(379,844)	0.3%	(133,844,574)	(786,824)	0.3%
<b>Other Services</b>	31,773	31,773	-	0.0%	31,773	-	0.0%
<b>TOTAL</b>	<u>2,434,094,793</u>	<u>2,734,770,797</u>	<u>300,676,004</u>	<u>12.4%</u>	<u>2,817,473,794</u>	<u>383,379,001</u>	<u>3.0%</u>

**Description:**

This segment includes the cost of capital plant and equipment which consists of depreciation, amortization, and interest on debt. All Postal Service debt currently outstanding was incurred for the acquisition of capital. Also included in segment 20 are claims, losses, and other non-capital amounts written off. Interest on retirement liabilities is reflected in segment 20 so that all interest is included together in the same segment.

**Current Period**

**Actual Fiscal Year:** FY 2002

**Cost Segment 21  
Capital Investments**

	<b>Actual FY 2002</b>	<b>Estimate FY 2003</b>	<b>Change Amount FY 2003</b>	<b>Percent FY 2003</b>	<b>Estimate FY 2004</b>	<b>Change Amount FY 2004</b>	<b>Percent FY 2004</b>
<b>Resources:</b>							
<b>Positions</b>							
<b>Wkyr</b>	-	-	-	0.0%	-	-	0.0%
<b>Expenses (\$000):</b>							
<b>Construction</b>	55,216,713	534,650,000	479,433,287	868.3%	622,091,000	566,874,287	16.4%
<b>Building Improvements</b>	158,452,333	518,200,000	359,747,667	227.0%	360,795,000	202,342,667	-30.4%
<b>Fixed Mech. Equipment</b>	717,021,865	840,320,000	123,298,135	17.2%	1,164,800,000	447,778,135	38.6%
<b>Other Vehicles</b>	119,886,123	187,600,000	67,713,877	56.5%	213,023,000	93,136,877	13.6%
<b>Window Service Equipment</b>	7,300,221	133,245,000	125,944,779	1725.2%	254,006,000	246,705,779	90.6%
<b>Admin &amp; General Support</b>	201,462,225	342,650,000	141,187,775	70.1%	323,700,000	122,237,775	-5.5%
<b>TOTAL</b>	1,259,339,480	2,556,665,000	1,297,325,520	103.0%	2,938,415,000	1,679,075,520	14.9%

*Continue:*

**Current Period  
Actual Fiscal Year:**

**FY 2002**

## **Cost Segment 21 Capital Investments**

### **Descriptions:**

This category includes funds for acquisition of sites, design and construction of new postal owned buildings, purchase of existing facilities, and improvement to existing leased and owned post office buildings

#### ***Mail processing equipment:***

The funds planned in this program are for the purchase of fixed mechanization, non-fixed mechanization and other mail handling equipment. Fixed mechanization is custom made to meet the requirements for a particular mail handling operation or a specific building. Non-fixed mechanization consists of automated modules of equipment such as optical character readers, bar code sorters, expanded zip retrofit kits, etc. This program is directed toward reducing costs in mail processing operations.

#### ***Vehicles:***

The vehicle program consists of four vehicle requirement categories: carrier motorization, bulk transfer vehicles for delivery and intra/inter-city transport of the mails, law enforcement vehicles for postal inspector surveillance, and other maintenance of vehicles and buildings.

#### ***Customer service equipment:***

This equipment supports post office lobby, window, and self-service programs. The Postal Service's objective is to render new and improved services to postal customers in the retail area of post offices.

#### ***Postal support equipment:***

Support equipment consists of such items as office machines and furniture, maintenance equipment, and automatic data processing equipment.

**Current Period**

**Actual Fiscal Year:**

**FY 2002**

**U.S. POSTAL SERVICE  
MAIL VOLUME AND REVENUE  
FISCAL YEARS 2002 - 2004  
(IN THOUSANDS)**

CLASSIFICATION	FY 2002 - ACTUAL				FY 2003 - ESTIMATE				FY 2004 - ESTIMATE			
	PIECES OR TRANS- ACTIONS	% CHG. FROM SPLY	POSTAL REVENUE	% CHG. FROM SPLY	PIECES OR TRANS- ACTIONS	% CHG. FROM SPLY	POSTAL REVENUE	% CHG. FROM SPLY	PIECES OR TRANS- ACTIONS	% CHG. FROM SPLY	POSTAL REVENUE	% CHG. FROM SPLY
<b>OPERATING REVENUES</b>												
FIRST CLASS.....	102,378,632	-1.23%	36,271,490	1.63%	102,036,807	-0.33%	37,921,280	4.55%	102,498,925	0.45%	37,976,995	0.15%
EXPRESS MAIL .....	61,280	-11.68%	910,467	-8.56%	59,011	-3.70%	944,364	3.72%	61,647	4.47%	984,853	4.29%
MAILGRAM.....	2,757	-15.95%	1,356	-0.59%	2,575	-6.60%	1,161	-14.38%	2,109	-18.10%	997	-14.13%
PRIORITY (HEAVY PIECES).....	998,151	-10.71%	4,719,270	-3.99%	944,929	-5.33%	4,940,042	4.68%	900,713	-4.68%	4,794,476	-2.95%
PERIODICALS.....	9,689,758	-3.85%	2,145,165	-1.87%	9,442,113	-2.56%	2,299,902	7.21%	9,596,974	1.64%	2,315,198	0.67%
STANDARD MAIL.....	87,230,637	-3.01%	15,733,387	0.75%	90,869,777	4.17%	17,348,001	10.26%	94,210,469	3.68%	17,968,618	3.58%
PACKAGE SERVICES	1,075,087	-1.64%	2,077,887	4.32%	1,077,260	0.20%	2,142,811	3.12%	1,105,325	2.61%	2,105,974	-1.72%
U.S. POSTAL SERVICE MAIL.....	424,929	11.65%	...	...	394,444	-7.17%	...	...	447,926	13.56%	...	...
FREE-FOR-THE-BLIND MAIL.....	56,821	27.49%	...	...	53,540	-5.77%	...	...	54,857	2.46%	...	...
INTERNATIONAL (FEES INCL.).....	903,803	-16.51%	1,579,793	-8.77%	801,743	-11.29%	1,489,786	-5.70%	916,160	14.27%	1,652,193	10.90%
DOMESTIC FEES .....	...	...	322,233	8.58%	.	...	356,854	10.74%	...	...	359,610	0.77%
<b>TOTAL VOLUME &amp; REVENUE</b>												
FROM MAIL.....	202,821,856	-2.24%	63,761,048	0.53%	205,682,199	1.41%	67,444,201	5.78%	209,795,105	2.00%	68,158,914	1.06%
<b>SPECIAL SERVICES AND OTHER:</b>												
BOX RENTS.....	...	...	750,642	7.39%	...	...	715,349	-4.70%	...	...	842,689	17.80%
MONEY ORDER FEES.....	218,047	-4.01%	239,425	6.22%	224,026	2.74%	248,315	3.71%	234,465	4.66%	266,352	7.26%
SPECIAL SERVICES.....	893,510	16.92%	1,331,222	17.86%	908,599	1.69%	1,506,422	13.16%	1,095,226	20.54%	1,499,779	-0.44%
OTHER REVENUE NET.....	...	...	343,714	18.97%	...	...	459,292	33.63%	...	...	313,552	-31.73%
<b>TOTAL SPEC. SVCS. &amp; OTHER REVENUE.....</b>	...	...	2,665,003	13.75%	...	...	2,929,378	9.92%	...	...	2,922,372	-0.24%
<b>TOTAL OPERATING REVENUE.....</b>	...	...	66,426,051	1.00%	...	...	70,373,579	5.94%	...	...	71,081,286	1.01%
<b>APPROPRIATIONS:</b>												
APPROPRIATIONS REVENUE.....	...	...	47,619	-28.81%	...	...	31,014	-34.87%	...	...	36,521	17.76%
<b>TOTAL REVENUES.....</b>	...	...	66,473,670	0.97%	...	...	70,404,593	5.91%	...	...	71,117,807	1.01%
INTEREST AND INVESTMENT INCOME.....	...	...	35,663	4.89%	...	...	33,100	-7.19%	...	...	33,838	2.23%
<b>TOTAL REVENUE.....</b>	...	...	66,509,333	0.97%	...	...	70,437,693	5.91%	...	...	71,151,645	1.01%

**U. S. POSTAL SERVICE  
SPECIAL SERVICES TRANSACTIONS AND POSTAL REVENUE  
FISCAL YEARS 2002 - 2004**

(IN THOUSANDS )

CLASSIFICATIONS	FY 2002 ACTUAL				FY 2003 ESTIMATE				FY 2004 ESTIMATE			
	TRANS - ACTIONS	% CHANGE FROM SPLY	REVENUE	% CHANGE FROM SPLY	TRANS - ACTIONS	% CHANGE FROM SPLY	REVENUE	% CHANGE FROM SPLY	TRANS ACTIONS	% CHANGE FROM SPLY	REVENUE	% CHANGE FROM SPLY
<b>SPECIAL SERVICES</b>												
<b>REGISTRY.....</b>	9,143	-19.89%	86,650	-11.90%	9,103	-0.44%	88,688	2.35%	7,585	-16.68%	73,961	-16.61%
<b>CERTIFIED.....</b>	283,468	5.40%	613,755	24.05%	318,992	12.53%	742,529	20.98%	304,913	-4.41%	709,704	-4.42%
<b>INSURANCE.....</b>	59,805	-0.28%	135,180	9.77%	56,833	-4.97%	132,472	-2.00%	55,745	-1.91%	129,879	-1.96%
<b>DELIVERY RECIEPT SERVICE</b>	535,510	27.15%	452,548	22.05%	521,413	-2.63%	513,745	13.52%	724,990	39.04%	550,812	7.22%
<b>COLLECT - ON - DELIVERY.....</b>	2,284	-16.00%	13,760	-10.12%	2,258	-1.14%	12,843	-6.66%	1,993	-11.74%	11,334	-11.75%
<b>STAMPED ENVELOPES.....</b>	...	...	29,329	8.13%	...	...	16,145	-44.95%	...	...	24,089	49.20%
<b>BOX RENT.....</b>	0	...	750,642		...	...	715,349	-4.70%	...	...	842,689	17.80%
<b>TOTAL SPECIAL SERVICES.....</b>	890,210	52.50%	2,081,864	131.53%	908,599	2.07%	2,221,771	6.72%	1,095,226	20.54%	2,342,468	5.43%

SPECIAL SERVICES TRANSACTIONS AND POSTAL REVENUE

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## SELECTED OPERATING STATISTICS

ITEM	FY 1971		FY 2002 ACTUAL		FY 2003 ESTIMATE		FY 2004 ESTIMATE	
	AMOUNT	% CHANGE FROM SPLY	AMOUNT	% CHANGE FROM SPLY	AMOUNT	% CHANGE FROM SPLY	AMOUNT	% CHANGE FROM SPLY
MAIL VOLUME (BILLIONS OF PIECES) (GFY).....	87.0	2.5%	202.8	-2.2%	205.7	1.4%	209.7	1.9%
<b>CITY DELIVERY:</b>								
NUMBER OF ROUTES.....	132,923	1.9%	165,798	-1.2%	165,584	-0.1%	164,963	-0.4%
POSSIBLE DELIVERIES (MILLIONS)...	57.0	2.0%	84.2	0.5%	84.7	0.6%	85.2	0.5%
<b>RURAL DELIVERY:</b>								
NUMBER OF ROUTES.....	31,517	-1.5%	69,361	0.4%	70,994	2.4%	72,247	1.8%
AVERAGE DAILY ROUTE MILES.....	66.0	1.3%	45.8	0.8%	45.5	-0.7%	45.4	-0.2%
<b>POST OFFICES:</b>								
CAG A-G.....	5,162	3.7%	8,587	2.6%	8,637	0.6%	8,687	0.6%
CAG H-J.....	7,396	0.9%	8,891	1.5%	8,891	0.0%	8,891	0.0%
CAG K.....	12,551	-0.7%	8,672	-3.9%	8,622	-0.6%	8,572	-0.6%
CAG L.....	6,838	-3.0%	1,641	-4.9%	1,591	-3.0%	1,541	-3.1%
TOTAL	31,947	-0.2%	27,791	-0.3%	27,741	-0.2%	27,691	-0.2%
CONTRACT STATIONS.....	4,437	-10.6%	2,500	-13.1%	2,600	4.0%	2,700	3.8%
<b>TOTAL ACTIVE VEHICLE FLEET:</b>								
(NUMBER).....	83,095	9.3%	208,921	0.3%	206,814	-1.0%	208,775	0.9%
<b>INTERIOR SPACE OCCUPIED:</b>								
(THOUSAND OF SQ. FT.).....	158,997	1.8%	328,175	0.6%	329,624	0.4%	334,066	1.3%

SELECTED OPERATING STATISTICS

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